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Message Text

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ACTION EB-08

INFO OCT-01 ARA-06 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 SS-15
STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01
/094 W
----------210143Z 030851 /22
R 201903Z APR 77
FM AMEMBASSY SANTIAGO
TO SECSTATE WASHDC 4449
INFO USDEL MTN GENEVA

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E.O. 11652: N/A
TAGS: ETRD MTN
SUBJECT: MTN: US NEGOTIATING OBJECTIVES

REF: STATE 034413

1. THERE ARE NO TRADE BARRIERS IN CHILE SPECIFICALLY DESIGNED TO RESTRICT IMPORTS FROM THE U.S. AS A MEMBER OF LAFTA HOWEVER CHILE PERFORMS A DE FACTO DISCRIMINATION AGAINST ALL IMPORTS NOT COMING FROM LAFTA COUNTRIES. AN EXAMPLE OF THE EFFECT OF LAFTA AGREEMENTS ON IMPORTS FROM THE U.S. IS THE CASE OF COTTON. CHILE AS WELL AS OTHER L.A. COUNTRIES SUPPLIED THEMSELVES WITH HIGH QUALITY COTTON FROM THE U.S. UNTIL LAFTA COUNTRIES AGREED TO REDUCE CONSIDERABLY IMPORT DUTIES ON COTTON COMING FROM MEXICO AND BRAZIL. CHEAPER AND LOWER QUALITY COTTON IMPORTED FROM THESE COUNTRIES THUS REPLACED THE U.S. PRODUCT.

2. OTHER SPECIAL CASES ARE AS FOLLOWS: THERE EXISTS A SPECIAL TAX ON IMPORTS OF MOTOR VEHICLES WHOSE TOTAL VALUE EXCEEDS US$ 11,000. INCLUDED IN THIS AMOUNT ARE CIF
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VALUE PLUS 115 PERCENT TARIFF, PLUS 20 PERCENT VALUE ADDED TAX PLUS 20 PERCENT ADDITIONAL TAX. THE SPECIAL TAX IS A RATE OF 100 PERCENT OF THE TOTAL VALUE THUS CALCULATED. THE EFFECT OF THIS TAX IS THAT MOST U.S. VEHICLES CANNOT BE IMPORTED AND THE MARKET IS BEING SATURATED WITH JAPANESE PRODUCTS (HONDA, SUZUKI, TOYOTA, MAZDA, DATSUN). THE MINISTRY OF ECONOMY IS NOW STUDYING THE FEASIBILITY OF IMPOSING YET

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ANOTHER TAX ON IMPORTATION OF MOTOR VEHICLES. THE TAX WOULD APPLY TO THOSE VEHICLES WHOSE TOTAL VALUE (CALCULATED ACCORDING TO ABOVE) DOES NOT EXCEED US$ 11,000, BUT WHOSE SELLING PRICE IN THE CHILEAN MARKET EXCEEDS THAT AMOUNT. THE TAX WOULD BE A LUMP SUM OF US$ 4,000.

3. A SPECIAL TAX WAS IMPOSED ON IMPORTS OF WHEAT FROM NON-LAFTA COUNTRIES, AMOUNTING TO ABOUT US$ 53 PER TON. THE PURPOSE OF THE TAX IS TO PROTECT LOCAL PRODUCERS, WHO CANNOT OTHERWISE COMPETE WITH INTERNATIONAL PRODUCERS. ALTHOUGH THE TAX EXPIRES ON JULY 3RD, 1977, IT IS EXPECTED THAT IT WILL BE REIMPOSED OR REPLACED BY A DEVICE WITH A SIMILAR EFFECT.

4. GOC HAS NOT GIVEN CONSIDERATION TO ITS GOALS IN MTN, DESPITE PROMPTING BY THE EMBASSY. WE ARE STILL AWAITING THEIR COMMENT. IN THE INTERM, WE THOUGHT IT BEST TO REPLY TO THE REMAINING QUESTIONS IN REFTEL. FURTHER DEVELOPMENTS (IF ANY) WILL BE FORWARDED TO THE DEPARTMENT WHEN AVAILABLE.
POPPER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TROPICAL PRODUCTS, TRADE, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 20-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Legacy Key: link1977/newtext/t19770437/aaaabged.tel
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Review Date: 11-Jan-2005 12:00:00 am
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Status: NATIVE
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TAGS: ETRD, MTN
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